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Educational and Cultural PPPs in the United States

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Introduction

- Public-Private Partnerships for educational and cultural purposes are being promoted at the highest levels of government in the U.S.
- On March 3, 2003, President George W. Bush issued Executive Order 13287, “Preserve America” which directed agencies, in part, to “pursue public-private partnerships to promote both preservation of cultural heritage and potential economic benefits.”
- Another Federal PPP program is “Save America’s Treasures.” This is a national PPP program for preservation of historic sites and artifacts. The First Lady, Laura Bush, is the Honorary Chair. More information on this program is available at:
<http://www.saveamericas treasures.org>

Introduction

- PPPs are also used to maintain historic city centers and spur economic development. One well-known example is the “Main Street Milwaukee” program.

<http://www.mkedcd.org/MainStreetMilwaukee/MSMWhat.htm>

- PPPs for development of educational facilities are increasingly common. For example, since the State of Virginia passed the “Public-Private Education Facilities and Infrastructure Act of 2002” (§ 56-575.1 et seq. of the Code of Virginia), more than 30 school PPPs have been implemented in this State alone.

Case Studies

1. James F. Oyster School
2. Shaw Center for the Arts
3. Marion Davies Estate

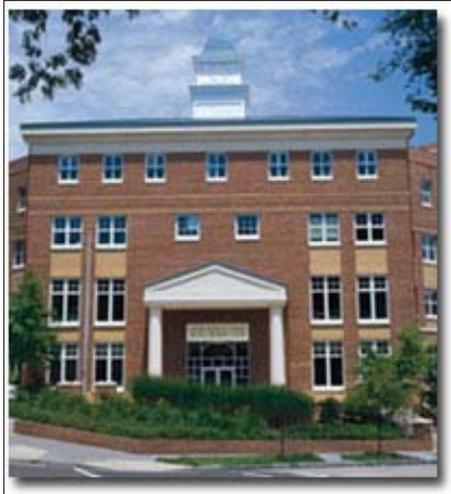
Case Study 1: James F. Oyster School

- The James F. Oyster Bilingual School is a public school in the District of Columbia. The original structure was built in 1926, and by the mid-1990s it was outmoded and in severe need of replacement or renovation.
- The District could not afford to replace the school. But the school had one significant asset: it was located on a 1.7 acre parcel of land, far more than required for school purposes.
- This asset created the basis for a successful PPP, involving the District and a commercial developer.

Case Study 1: James F. Oyster School

- The private developer financed, designed, and built a 47,000 square foot state-of-the-art school on the site of the old Oyster School.
- The District deeded the excess land to the developer, who constructed a \$29 million, nine-story, 211-unit apartment building on the site.
- The school was financed by a 35-year tax-exempt bond issue which is being retired through payments in lieu of taxes by the apartment building owner.
- Through this PPP mechanism, the new school was constructed without expenditure of public funds.

Case Study 1: James F. Oyster School



The new James F. Oyster School, and adjacent apartment building

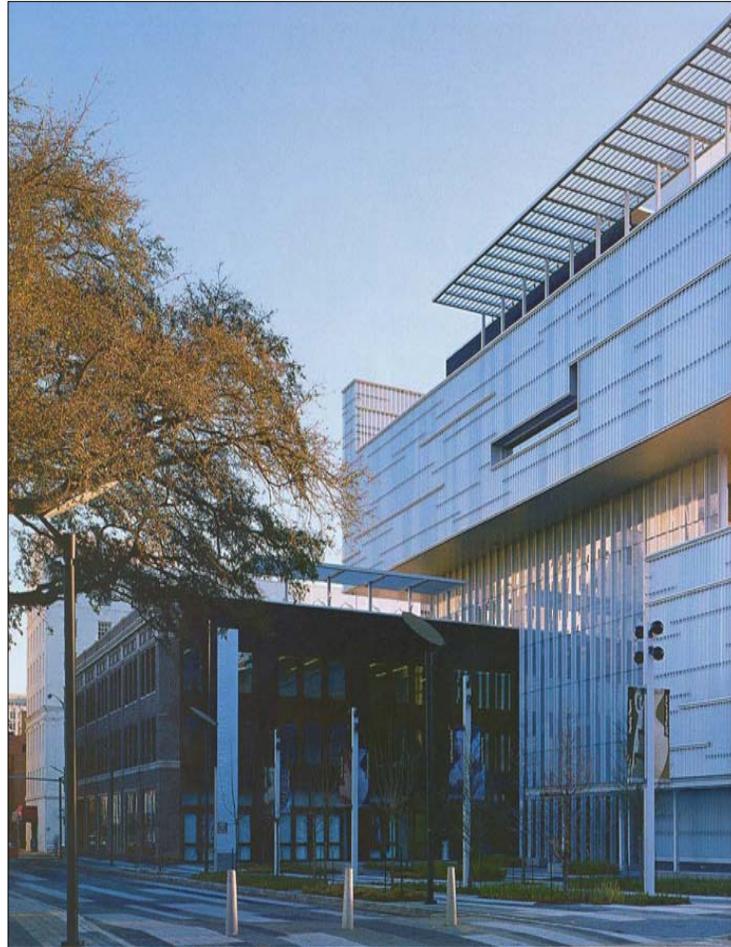
Case Study 2

Shaw Center for the Arts

- New 125,000 square foot facility, which includes:
 - Performing Arts Theater
 - Louisiana State University Museum of Art
 - Louisiana State University School of Art
 - Other facilities, such as restaurants, roof-top cafes, retail space, entertainment and concert area, artist studios, and visiting artists apartments.
- Opened for public use in March 2005

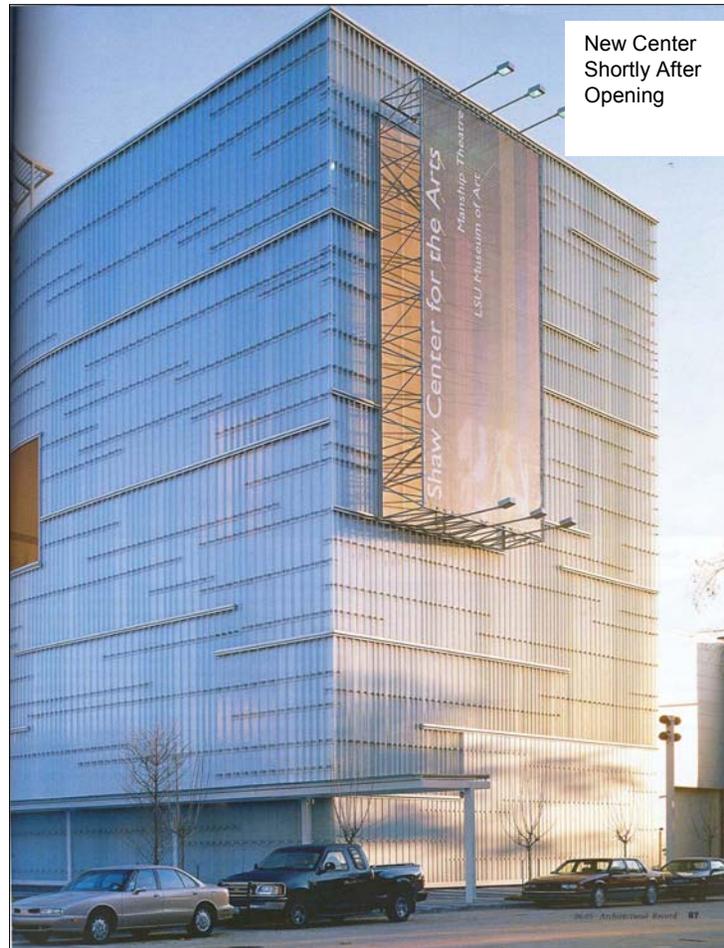
Case Study 2

Shaw Center for the Arts



Case Study 2

Shaw Center for the Arts



Case Study 2

Shaw Center for the Arts

- A non-profit corporation, Shaw Center Development, LLC (SCD) was created
- State of Louisiana transferred lands to Louisiana State University (LSU) to use for 99 years; LSU then leased the land to SCD
- SCD responsible for building the museum/theater building, in return for a 99-year lease
- Some major tenants contributed proportionate shares of construction costs
- Return on commercial space will pay for cost of construction and operation over life of lease

Case Study 3

Marion Davies Estate



Case Study 3

Marion Davies Estate

- The Marion Davies Estate is a beachfront property facing the Pacific Ocean in Santa Monica, CA. The facilities were built for Hollywood actress Marion Davies in the 1920s by the newspaper titan William Randolph Hearst.
- After her death, the property deteriorated. For many years, it operated as a private beach club. After earthquake damage in 1994, it was declared unsafe, and closed to the public.
- In 1998, the City of Santa Monica, through public meetings and consultant support, developed a new site-use plan which envisioned a public beach club and community meeting place, with conference space, banquet hall, and availability for films. The City formally approved the plan in 1999.

Case Study 3

Marion Davies Estate

- However, the City could not afford to implement the \$25 million plan.
- In 2004, the City announced formation of a PPP to implement the plan. The structure included:
 - Funding from a charitable foundation, the City, and Federal government agencies
 - Long-term costs paid for by public-use activities on the renovated property
- This long-deferred plan is now being implemented.